

DOC. # 5325
ADOPTED 7/26/90

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY REGARDING
TENTATIVE DESIGNATION OF THE BEAL COMPANIES TO REDEVELOP THE
CUSTOM HOUSE, 2 INDIA STREET, IN THE WATERFRONT URBAN RENEWAL
AREA, MASSACHUSETTS PROJECT NO. R-77, BOSTON.

WHEREAS, the Urban Renewal Plan for the Downtown Waterfront urban Renewal Area, Project No. Mass. R-77 (the "Project Area") has been duly reviewed and approved in full compliance with local, state, and Federal law; and

WHEREAS, the Boston Redevelopment Authority (the "BRA") is aware of Chapter 30, Sections 61 through 62H of the Massachusetts General Laws, as amended, with respect to minimizing and preventing damage to the environment; and

WHEREAS, the Beal Companies has expressed interest in and submitted a satisfactory proposal for the redevelopment of the Custom House pursuant to the Request for Proposals issued by the BRA:

NOW, THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT
AUTHORITY:

1. That the Beal Companies is hereby tentatively designated as Redeveloper of the Custom House in the Downtown Waterfront Urban Renewal Area subject to:
 - (a) Furnishing the BRA with a non-refundable deposit of \$250,000 upon tentative designation;
 - (b) Furnishing the BRA with a \$250,000 payment upon execution of a Lease Commencement Agreement for the Custom House;
 - (c) Furnishing the BRA with a payment of \$1,500,000 upon closing of construction financing for the project;
 - (d) Furnishing the BRA with a note for \$2,700,000 in a form and with terms satisfactory to the BRA;
 - (e) The assumption of the existing GSA note by the Redeveloper as of October 1, 1990;
 - (f) Publication of all public disclosure and issuance of all approvals required by the Massachusetts General Laws and Title I of the Housing Acts of 1949, as amended;
 - (g) Execution of a Lease Commencement Agreement with the BRA within ninety (90) days of Tentative Designation;
 - (h) Commencement of construction on the project no later than January of 1991;

(i) Submission within one hundred and fifty (150) days in a form satisfactory to the BRA of:

- (1) Evidence of availability of necessary equity funds as needed;
- (2) Evidence of firm financial commitments from banks or other lending institutions;
- (3) Evidence of ability to commence construction on elements of the project (such as asbestos removal), including the approval of the Boston Landmarks Commission; and
- (4) Proposed development and rental schedule.

2. That it is hereby determined that the Beal Companies possesses the qualifications and financial resources necessary to lease and redevelop the property in accordance with the Urban Renewal Plan for the Project Area and the guidelines set forth in the Request for Proposals issued by the BRA on April 19, 1990.
3. That the disposal of said property in accordance with the Request For Proposals process is the appropriate method of making the property available for redevelopment.
4. That the Director is hereby authorized for and in behalf of the BRA to execute and deliver such documents as are necessary and appropriate to convey the BRA's interest in the Custom House to the City of Boston upon complete reimbursement of expenses incurred in the acquisition, operation, maintenance and disposition of the property and upon repayment of the BRA's note to the General Services Administration.
5. That the Director is hereby authorized for and in behalf of the BRA to execute and deliver a Lease Commencement Agreement for the Custom House to the Beal Companies and to execute additional documents as may be necessary to effectuate the redevelopment of the property, including such terms and conditions as the Director deems appropriate and in the best interest of the BRA.
6. That the Director is hereby authorized for and in behalf of the BRA to execute and deliver a License Agreement with the Beal Companies for early entry to the Custom House. Furthermore, said license shall include the provision that the BRA shall be named as additional insured, as well as incorporate the BRA's usual requirements.
7. That the Beal Companies be and hereby is authorized to petition the Board of Appeal for any zoning relief which may be necessary to complete the proposed redevelopment.

FACT SHEET

CUSTOM HOUSE

JULY 26, 1990

DEVELOPMENT TEAM:

Developer:	The Beal Companies
Hotel Operator:	Inter-Continental Hotel Corporation
Construction consultants:	Vappi & Company Macomber Construction

DEVELOPMENT PROGRAM:

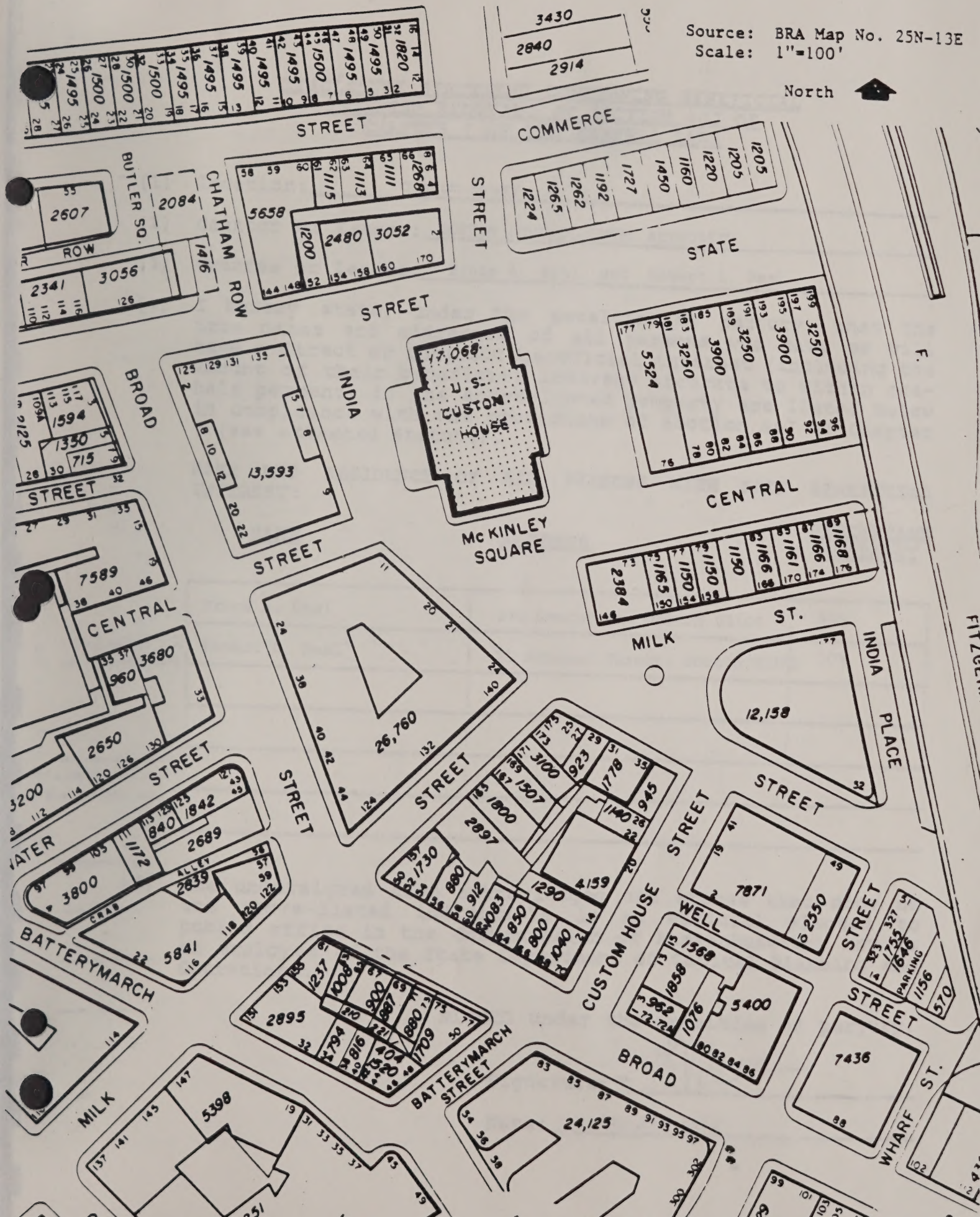
Hotel rooms:	109
Ancillary hotel facilities:	meeting rooms, function rooms, restaurant, bar and health club
Room rate:	\$256/night
Total development cost:	\$42,032,000

DEVELOPMENT SCHEDULE

Construction start:	1st quarter 1991
Construction completion:	4th quarter 1993

LEASE TERMS

GSA note:	fully assumed by developer as of October 1, 1990
Payments to BRA:	\$250,000 upon designation \$250,000 upon Lease Commencement \$1,500,000 upon construction financing \$2,700,000 upon residual sale or within 10 years



DISCLOSURE STATEMENT CONCERNING BENEFICIAL
INTEREST REQUIRED BY SECTION 40J OF
CHAPTER 7 OF THE GENERAL LAWS

- (1) Location: Custom House
- (2) Grantor or Lessor: BOSTON REDEVELOPMENT AUTHORITY
- (3) Grantee or Lessee: Bruce A. Beal and Robert L. Beal
- (4) I hereby state, under the penalties of perjury, that the true names and addresses of all persons who have or will have a direct or indirect beneficial interest (including the amount of their beneficial interest accurate to within one-half percent) in the above-listed property are listed below in compliance with the provisions of Section 40J of Chapter 7 (see attached Statute).

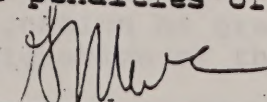
NAME AND RESIDENCE OF ALL PERSONS WITH SAID BENEFICIAL INTEREST:

<u>NAME</u>	<u>ADDRESS</u>	<u>PERCENTAGE INTEREST</u>
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Bruce A. Beal	180 Beacon St. Boston 02106	50%
Robert L. Beal	21 Brimmer Street, Boston 02108	50%

- (5) The undersigned also acknowledged and states that none of the above-listed individuals is an official elected to public office in the Commonwealth of Massachusetts, nor is an employee of the State Department of Capital Planning and Operations.

SIGNED under the penalties of perjury.

Signature: 

Date: May 18, 1990

MEMORANDUM

JULY 26, 1990

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: HOMER RUSSELL, ACTING ASSISTANT DIRECTOR FOR
URBAN DESIGN AND DEVELOPMENT
PAUL REAVIS, ASSISTANT DIRECTOR FOR
ENGINEERING AND DESIGN SERVICES

RE: CUSTOM HOUSE TENTATIVE DESIGNATION

EXECUTIVE SUMMARY:

THIS MEMORANDUM REQUESTS THE TENTATIVE DESIGNATION OF THE BEAL COMPANIES AS REDEVELOPER OF THE HISTORIC CUSTOM HOUSE INTO A 109-ROOM LUXURY HOTEL.

On May 18, 1990, the BRA received six proposals to redevelop the Custom House in response to the second Request for Proposals for the redevelopment of this historic property located in the Waterfront Urban Renewal Area. On May 31, 1990, the BRA Board voted to short-list the following three teams: the Beal Companies, CH Hotel Partners (NYNEX Properties/St. James Properties and Taylor Properties), and the Lincoln Property Company. All three proposals involve the creation of a luxury hotel the Custom House. Shortly afterwards, the Lincoln Property Company was admitted to CH Hotel Partners as an additional partner.

Most recently, the BRA Board voted on July 12, 1990, to direct the two remaining bidders to submit additional materials by July 20th which would help the BRA in selecting that team which is best able to carry out the renovation of this landmark. These materials included letters of interest to provide debt and equity financing in the amounts required to carry out the renovation, a letter of interest from a qualified hotel operator, evidence of each team's ability to assume the financial obligations of the existing \$9.9 million note with the General Services Administration (GSA) and the deposits due the BRA, and evidence of the team's capacity to commence construction by January of 1991. The supplemental information received by the BRA from both teams satisfied this request of the Board.

Following a careful consideration of each team's original proposal as well as the supplemental information identified above, it is recommended that tentative designation be granted to the Beal Companies. The reasons for the designation of the Beal Companies team are threefold.

First, the organization of the Beal Companies team is simple and allows a clear delineation of responsibilities throughout the

development process, including the critical responsibilities of securing financing and providing equity in the amounts required for the successful completion of the rehabilitation.

Second, more than the other short-listed team, the Beal Companies has demonstrated its ability to undertake and complete projects involving the rehabilitation of historically significant buildings while maintaining the highest commitment to quality. Within a three block radius of the Custom House alone, the Beal Companies has completed quality historic renovations of five properties, including the Grain Exchange Building at 177 Milk Street, 15 Broad Street, 33 Broad Street, the Batterymarch Building at 89 Broad Street, and 131 State Street.

Finally, the Beal Companies team has secured a commitment from a hotel operator with an international reputation and experience with historic renovations in its own right. The Inter-Continental Hotel Corporation (ICH) owns and/or operates over 100 hotels in over 47 countries. In the past decade, ICH has been involved in the restoration and renovation of approximately 20 hotels in 10 countries. This operator is prepared to offer a cash infusion into the project, thereby enhancing the project's financial feasibility.

The Beal proposal call for a luxury hotel of 109 rooms and suites located on floors 4 through 22. A specialty restaurant and small health club are planned in the basement. The ground floor will accommodate public exhibition space, the hotel lobby/reservation desk, a small bar and a lobby shop. The second and third floors will accommodate meeting and function rooms. Approximately 12,000 square feet of back of the house uses will be accommodated in the adjacent 131 State Street building (in which the Beal Companies holds an ownership interest), and connected to the Custom House via an underground tunnel (a fact sheet summarizing the Beal Companies proposal is attached to this memorandum).

When completed, the renovation of the Custom House as envisioned by the Beal Companies will significantly benefit the City of Boston. The proposal represents an investment of over \$50 million in the renovation of one of Boston's most visible and memorable historic landmarks. In the fall of 1992, the Custom House will once again be open as an active commercial center. An estimated 50,000 guests are expected to stay in the hotel each year.

The developer has taken certain measures to ensure that improvements to this structure extend and enrich the public realm of the City. On the ground floor, the developer has offered space for rotating exhibits for use by museums and other interested parties, as called for in the RFP. Improvements to the area surrounding the Custom House will complement the MBTA improvements to State Street in connection with the expansion of the Blue Line Aquarium Station. The developer will also ensure that the 25th floor observation deck is open to the public on a

regular basis, as called for in the RFP.

The Beal Companies proposal will offer benefits beyond the immediate area of the Custom House as well. Conversion of this structure into a luxury hotel will generate approximately 135 construction jobs (measured in person-years), and the developer has agreed to work with the Mayor's Office of Jobs and Community Services (OJCS) to achieve goals that 50 percent of these jobs are filled by Boston residents, 25 percent are filled by minorities, and 10 percent are filled by women. The redeveloper has also agreed to work with OJCS to ensure that the 125 permanent jobs housed in the structure will meet the above-stated goals.

In consideration of the above, it is recommended that the Beal Companies be granted tentative designation as redeveloper of the Custom House. An appropriate vote follows:

VOTED: That the BRA hereby adopts the attached resolution regarding the tentative designation of the Beal Companies as the redeveloper of the Custom House.